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Congress Weighs Implementation of Atlantic Pact

WASHINGTON—Unlike many earlier mutual assistance pacts, the North Atlantic Treaty, which the Senate began to debate on July 5, places on its signatory governments concrete obligations now as well as conditional obligations for the future. An indefinite period of time may pass before the treaty partners have occasion to invoke the heart of the convention, Article 5, which provides that an armed attack against one or more of them shall be considered an attack against them all.

But the treaty takes life at once, in the absence of armed attack, from Article 3—providing for “continuous and effective self-help and mutual aid” for the development of individual and collective capacity to resist armed attack—and from Article 9—providing for a council, with such subsidiary bodies as may be necessary, to implement Articles 3 and 5. The issue before the United States is not whether it is satisfied to have the Senate approve the treaty but whether it is willing to carry out the obligations that would give the treaty vitality in the present.

Arms Assistance

Accordingly, the question whether the Senate, having accepted the treaty, will approve President Truman’s proposal that he be authorized to donate \$1,450,000,000 worth of arms to the treaty powers and Greece and Turkey (as he requested on April 21) has major importance.

Opponents of the arms program are numerous. Senator Forrest Donnell, Republican of Missouri, told the Senate on July 7 that the treaty and arms program

would precipitate an armaments race. Senator Robert Taft, Republican of Ohio, said on July 8, “I’m absolutely opposed to providing arms for Europe.” Although Chairman Connally of the Senate Foreign Relations Committee recommended on July 5 that Congress act on the program during the present session—which may adjourn before September 1—and the House Foreign Affairs Committee has decided to hold hearings on the program soon, Senator Kenneth S. Wherry of Nebraska, Republican floor leader, will probably object to consideration of the program before adjournment. Moreover, a number of Senators who are more friendly than Mr. Wherry to the principle of arms assistance also recommend postponement of action until the next session in order to allow the Administration time to prepare a long-term program for arms as it did for the Marshall Plan. Other Senators who favor the treaty oppose approval of the arms program by this or any session of Congress, mainly on the ground that it would weaken the American economy. Among these opponents are Richard B. Russell, Democrat of Georgia, a member of the Senate Appropriations Committee, and probably at least two members of the Senate Foreign Relations Committee who voted on June 4 to recommend the treaty to the Senate.

European signers of the treaty count on the United States to provide them with arms. “We must have supplies of arms from abroad,” Foreign Minister Halvard M. Lange of Norway told the Storting in Oslo on February 3, in advance of his departure for the United States and the con-

versations which led to Norway’s signing of the treaty. The *State Department Bulletin* of May 22 reported that the United States had also received requests for arms from Denmark, from Italy, and, in a combined memorandum, from the five signers of the Brussels Treaty for Western Union—the United Kingdom, France, Belgium, the Netherlands and Luxembourg. The two leading states of the Brussels powers, Britain and France, have small forces relative to wartime needs and insufficient arms for those forces. The French have 800,000 men under arms, but only eight French divisions, 400,000 troops, are in Europe. France could call on but six of these to repel an immediate attack. British men and women in the army, navy and air force total 785,100, and many of them are on duty abroad. Joint air games of the Western Union and American air forces during the last week in June satisfied Britain that it had competent fighter-plane defenses but disclosed that it needed more radar equipment to insulate itself from aerial attack. The main potential provider of radar apparatus is the United States.

No Clear Program

Despite the obligation which their country assumes under the treaty, members of Congress may reasonably ask whether the arms program sketchily outlined by the Administration would really benefit the Western powers in the absence of a sound strategic plan for the combined defense of all of them. The Brussels powers have been unable so far to prepare a plan for their joint defense, although they have organized the necessary institutions for plan-

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ning—the Western Union Defense Committee, the Western Union Chiefs-of-Staff, the Military Committee, the Supply and Resources Board, and the Western European Commanders-in-Chief. The National Military Establishment in Washington has not yet devised a strategic plan for the United States alone.

In order to provide the missing essential, a unified Atlantic defense system, should not the treaty partners carry out

Article 9, and establish an Atlantic defense committee capable of evolving a plan, before they act on Article 3 and rearm themselves for unknown tasks? Senators Ralph E. Flanders, Republican of Vermont (an opponent of the treaty), and John J. Sparkman, Democrat of Alabama, on July 8 proposed a novel elaboration of the arms program in recommending that the Atlantic powers create a joint international armed force. Could the United States ex-

pect such an international force, or any of its individual allies, to fight effectively if this country keeps to itself its secret of atomic warfare? Or would the United States endanger its own security by sharing that secret with its Atlantic partners? The chances for Congressional acceptance of the arms program will improve when the Administration clarifies these and other troublesome questions.

BLAIR BOLLES

Refugee Question Blocks Palestine Settlement

The UN Conciliation Commission for Palestine meeting at Lausanne, Switzerland since April 26—now in recess but scheduled to reconvene on July 18—is seeking to guide Israel and the Arab states to a final peace settlement. Real work on such major issues as the fixing of boundaries or the determination of the status of Jerusalem and the Holy Places, however, has been held up by the knotty problem of the future of the refugees.

The UN Relief for Palestine Refugees is now aiding approximately 940,000 persons, some 700,000 of whom are Arabs who left their homes in territory now held by Israel. The spokesmen for the Arab states insist that they cannot negotiate on anything else until Israel first recognizes the right of the refugees to return to their homes. Israel, however, contends that settlement of this question can only be reached as an integral part of general peace terms.

Obstacles to Resettlement

The General Assembly, in its resolution of December 11, 1948 which set up the Conciliation Commission, urged "that refugees wishing to return to their homes and live at peace with their neighbors should be permitted to do so at the earliest practicable date and that compensation should be paid for property of those choosing not to return and for loss of or damage to property. . . ." Both repatriation and resettlement, however, pose exceedingly difficult problems.

Israel, which considers the Arab states responsible—through their propaganda and invasion of Palestine—for the flight of the refugees, holds that the surrounding states should take care of them. Moreover, Israeli spokesmen insist that any returnees accepted prior to a peace settlement would constitute a major security risk since they might well act as a fifth column in the event of new hostilities. Apart from these immediate considera-

tions, developments inside Israel would make the assimilation of a large number of returnees most difficult. During its first year of statehood Israel has accepted well over 200,000 Jewish immigrants, thereby creating a settlement problem which has severely taxed its resources. Indeed, to meet these responsibilities the new state has been forced to seek foreign aid, a major portion coming from the United States. The United Palestine Appeal, from 1939 to the end of September 1948 raised over \$183 million, including almost \$60 million during the first nine months of 1948. Estimates for 1949 placed the need for funds by the United Palestine Appeal agencies at almost \$300 million, the lion's share of which would have to come out of the United Jewish Appeal in the United States, whose total goal has been set at \$250 million.

Of all settlement costs for these immigrants, that of housing bulks largest. It is not surprising, therefore, that usable housing vacated by the Arab refugees was quickly taken over for Jewish new immigrants, half of whom, as of May, were located in Arab towns and villages. Other Arab homes and villages had either been destroyed as a consequence of military activities, or have been razed to make way for new settlements. Jobs and farm lands formerly held by Arabs have been taken over by Jews. Thus repatriation would involve not a return to former homes and occupations, but rather the virtual absorption of hundreds of thousands of additional immigrants.

The problems confronting the Arab states, however, are equally acute. For their part, the Arabs consider the problem a consequence of the establishment of a Jewish state and insist that the refugees have a moral and legal right to return to their former homes and properties. Moreover, the presence of refugees in the Arab countries imposes a heavy strain on

their budgets and permanent resettlement might seriously disorganize their impoverished economies. Unrest among the refugees adds another source of confusion and discord in states a number of whose governments are already precariously balanced. Thus the Arab governments fear to make concessions whose reverberations at home might cause major upsets—such as the *coup* by which Colonel Husni Zayim recently came to power in Syria.

Compromise Solution?

Under these circumstances the only possible solution obviously will be some sort of compromise by which Israel will accept some returnees and the rest will be resettled elsewhere. The United States has been pressing behind the scenes for such an agreement. It has urged Israel to agree to admit a definite number of refugees. At the same time it has been approaching Arab governments with proposals for resettlement projects. If resettlement is not to impose absolutely intolerable burdens upon these poverty-stricken countries, large-scale external aid will be needed to finance irrigation and land reclamation projects as well as "pipe-line" activities to cover the transition period. Recognizing not only the necessity for this aid but also the opportunity it affords for winning goodwill, the State Department has put forward a plan drawn up by Assistant Secretary George C. McGhee, in charge of Near Eastern and African affairs. The McGhee plan anticipates the resettlement of some 500,000 Arabs in Palestine, Jordan, Syria and ultimately Iraq under the aegis of the UN. Israel and the Arab states would contribute funds as well as the United States and other nations, and loans could also be raised to finance specific projects. American proposals, however, have so far failed to break the deadlock and have only succeeded in attracting the wrath of both sides in the controversy.

At Lausanne until recently both sides had been making proposals which proved completely unacceptable to the other party. However, on July 6 it was announced in Tel Aviv that Israel would admit dependents of present residents. Although only a relatively small portion of the refugees will be affected, this is a conciliatory gesture, and it will result in the establishment of procedures for handling returnees. On the other side, sources in Jordan and Syria have expressed some interest in resettlement projects for refugees

who might choose not to return to Israel when and if the door is opened to them.

Some observers have suggested that Israel would gain by a more conciliatory policy. They argue that whatever it would lose in bargaining power by agreeing to the principle of repatriation would be more than made up by breaking the deadlock and winning goodwill. In any case, admission of the principle would not necessarily entail immediate return of the refugees.

Since the funds now available to the

UN for relief purposes—some \$25 million given or promised out of \$32 million planned—will run out this fall, the plight of the refugees may become desperate by winter. Something will have to be done. It is possible that, with sufficient pressure from the United States and the UN, the opposed parties may reach a compromise on the refugee question, thus removing the major obstacle to serious discussion of a final peace settlement.

FRED W. RIGGS

Tin Crisis Lends Urgency to Bolivian Development

The spectre of declining world demand for their exports, which has haunted Latin Americans ever since the end of the war, seems now to be taking on substance in at least one area of the economy, the metals industry. In the past four months a downward trend has been definitely established in the world price of copper, lead and zinc, and burdensome surpluses of tin have accumulated as a result of an artificially high price. This situation has produced panic along the mineral-producing west coast of South America, especially in Bolivia.

Bolivia's tin sales abroad furnish the larger part of government revenues and the means of payment for food and other basic imports. They also offer practically the only opportunity to purchase the foreign skills and equipment to broaden Bolivia's economic base. Only by development of diversified industries can it hope to avert the hazards resulting from fluctuations in the world price for tin.

Drag on World Tin Industry?

A buoyant world tin price since 1946 has encouraged production with the result that output in the first quarter of the current year outstripped consumption by 5,000 tons. At its June meeting in London the International Tin Study Group—an outgrowth of the prewar tin cartel—forecast a continuing surplus of production over demand lasting until 1955. Yet neither producers nor governments (which themselves are carrying considerable stocks of the metal) are at present willing to reduce the artificial buying price of 99 cents a pound. Instead, the Tin Study Group, which represents both interests, decided to study the possibilities of restricting production. Criticizing its findings, the London *Economist* concluded that "what is

needed is not a restriction scheme which would penalize the efficient producers, but a lower price, which would force the inefficient producers out of production." This recommendation was an obvious reference to marginal Bolivian producers; although such action might go a long way toward putting the world's tin mining industry on a sounder basis, it would weigh heavily on the South American country. A severe depression of Bolivian tin would be a calamity for the entire economy. As it is, the operators claim that miners' wage increases now under discussion make even the present price unremunerative. Mine closures and wholesale layoffs would produce political consequences in comparison with which the riots at pit entrances last month were just a curtain-raiser.*

Strategic considerations, and not merely commercial factors, however, may continue to affect the tin outlook in the shape of United States stockpiling both of the ore and the metal. Last year this country is believed to have accumulated almost 20,000 tons of tin metal for its stockpile, and if this was the case, the amount represents well over one-third as much as the United States bought for commercial purposes. Yet Washington has apparently not given assurances that it will continue to support the market this year. On the other hand, Bolivians may take heart from the fact that a decision seems to have been reached to maintain in operation the smelter that the RFC built in Texas City during the war and also to build a new smelter in New Jersey. Bolivia is the principal supplier for the Texas City smelter. But the American stockpiling program is a not unmixed blessing for Bolivian operators, since the threat always exists of a precipitate liquidation of government

stocks. Hence among other demands which the industry forwarded to the Tin Study Group was one for guarantees concerning the disposition of stockpiles.

Garden Out of Reach

The tense political situation and the uncertainties surrounding the future of tin seem to reinforce the long-standing conclusion of independent observers that a more aggressive attack must be made on the problems of imbalance in the Bolivian economy. For the core of the problem is that, if the tin industry were not able to compete with low-cost Far Eastern producers in an uncontrolled market, Bolivians would not eat. The tragic aspect of the case is that they would starve with the means of satisfying their needs just outside their grasp. Four thousand feet below La Paz, though only 150 miles away, lies Cochabamba, frontier of the eastern lowlands with their promise of thriving agricultural, cattle and timber industries. In the same region lie rich oil-bearing deposits centered around the sleepy colonial town of Santa Cruz. This area is the hub of ambitious inter-governmental development projects drawn up during the war. Unfortunately, engineering obstacles, rising prices which invalidated original cost calculations, administrative difficulties and Bolivian sectionalism and nationalism have combined to make progress discouragingly slow.

As a result, the much-publicized railway race between Brazil and Argentina for access to Santa Cruz oilfields has slowed down to a walk. The Argentine-Bolivian agreement for joint development of Bolivian resources, which carried a \$150 million Argentine loan, has not yet been implemented, the difficulty presumably being Argentina's inability to

*See *Foreign Policy Bulletin*, July 1.

provide needed equipment. Progress on the American-sponsored Cochabamba-Santa Cruz highway, started in 1942, is bitterly disappointing; American engineers now calculate the total cost of the road at \$24 million. A Bolivian request for an Export-Import Bank credit of \$16 million has not been acted upon, and a World Bank loan is also hanging fire. The delay in the Export-Import Bank loan has been attributed to United States insistence that Bolivia bear one-third of the total cost of the highway and, further, show now how it is going to raise the money. But in trying to do so, La Paz has met opposition from congressional representatives of the northeastern Beni region who would rather see funds shunted their way.

Another immediate obstacle to the development of the Santa Cruz area is the inability of the United States and the Bolivian governments to see eye-to-eye on the problem of control of the oil industry, a state monopoly since the expropriation of the Standard Oil Company in 1937. Relinquishment of control to private enterprise would be a highly unpopular step with many rank-and-file Bolivians who are convinced that their sufferings during the Chaco imbroglio were caused by a private war between international oil companies. But the sum total of these difficulties has reactivated Bolivian fears that the country may turn into a vast ghost mining area.

OLIVE HOLMES

News in the Making

A further series of conferences on the economic plight of the sterling area is expected following Secretary of Treasury John Snyder's meeting in London with British and Canadian officials. Dominion finance ministers met July 13, further discussions are likely among OEEC nations and a conference in Washington on the British situation may be called for September. . . . A test of strength between the Yoshida government and Japanese Communists is in process. A hint that the Communist party may be officially banned was seen in General MacArthur's Fourth of July attack on communism as "national and international outlawry" at a time when the Communists are conducting a summer labor offensive. . . . *Generalissimo Chiang Kai-shek's visit to the Philippines* has aroused speculation about the possible formation of a non-military anti-Communist alliance centered around Nationalist China, the Philippines and Southern Korea. . . . Possible liberalization of Russian trade policies was seen in Soviet President Nikolai Shvernik's statement July 4 that Moscow was prepared to receive with attention and interest any American proposals for relaxation of economic barriers. Secretary of State Acheson made it plain that the next move is up to the U.S.S.R., citing the Russian

ban on manganese shipments to the United States and the Soviet refusal to participate in the Marshall plan. . . . *The new Greek Populist-Liberal coalition government* of Premier Alexander Diomedes, formed after the death of Premier Themistocles Sophoulis, weathered its first test July 6 by winning a 273-to-199 vote of confidence in the Chamber. . . . Another contribution to the stability of the Greek regime may come from Yugoslavia where Marshal Tito stated July 10 that his country would "gradually close" its frontier with Greece to protect Yugoslavs from the effects of Greek guerrilla warfare. Tito, who also revealed he was seeking loans from abroad, made his statement following Polish suspension of all trade deliveries to Yugoslavia in an extension of the Eastern European blockade against the renegade Communist leader. . . . For Chile, the precipitate drop in the price of copper since the end of March means loss of foreign exchange and revenue and an unemployment roll of several thousand miners. By the end of June the seven-cent decline had cost the South American country \$32.5 million in foreign exchange and 1.8 billion pesos in copper taxes. Revival of the United States tariff on imported copper, now being proposed by mining states in this country, would knock the bottom out of the Chilean economy, where new alternative industries are still in the building stage.

FPA Bookshelf

The Hoover Commission Report on Organization of the Executive Branch of the Government. New York, McGraw-Hill, 1949. \$3.75

Students of government will find material for years to come in this 524-page volume representing the end product of the most complete investigation of the functioning of the executive branch of the federal government ever conducted. The recommendations on the conduct of foreign affairs, prepared by a task-force led by Harvey H. Bundy and James Grafton Rogers, is of particular value to those interested in American foreign policy.

Political Handbook of the World, Parliaments, Parties and Press as of January 1, 1949, edited by Walter H. Mallory. New York, Council on Foreign Relations, 1949. \$3.50

The latest volume in this invaluable series provides information, conveniently arranged by country, on the composition of governments and legislatures, recent political developments, aims and leaders of the parties, and data concerning major newspapers and magazines.

Our Threatened Values, by Victor Gollancz. Hinsdale, Ill., Regnery, 1948. \$2.50

A profound analysis of one aspect of the contemporary moral crisis—the loss of respect for personality—which the author finds supremely exemplified in Nazism, but now rampant in the world, especially in Russian communism and in the occupation policies imposed on Germany. The author, an English publicist and Socialist and a distinguished humanitarian, has depicted in moving terms the terrible dangers hidden in the betrayal of the fundamental values of Western civilization but expresses throughout a buoyant confidence in their ultimate validity and triumph.

Our National Debt, Its History and Its Meaning Today, by The Committee on Public Debt Policy. New York, Harcourt, Brace, 1949. \$2.50

An analysis of the national debt, its relation to various phases of the American economy and recommendations for its management, including budget control, debt reduction, wider distribution of the debt, restoration of flexible interest rates,

and the nourishment of a "dynamic economy" through tax reduction within the limits of "sound fiscal policy." This volume represents the committee's synthesis of research reports on various phases of the subject previously published in seven pamphlets.

The Situation in Asia, by Owen Lattimore. Boston, Little, Brown, 1949. \$2.75

With the brilliance and provocativeness to which readers of his books have become accustomed, this well-known authority on central Asia presents a new series of essays. He further elaborates the thesis, developed in *Solution in Asia*, that the colonial areas which are fast eluding the control of their former masters, if they have not done so already, are nevertheless highly sensitive to positive and negative influences emanating from the great world powers. American policy, he feels, must be formulated in the light of this basic transformation of the old imperial relationships.

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